

Message Text

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USCG PASS USGAO HONOLULU HAWAII FOR DIRECTOR

E.O. 11652: N/A

TAGS: AGAO, EMIN, JA

SUBJECT: GAO REVIEW: "ASSESSMENT OF INCREASING RELIANCE
OF U.S. MANUFACTURERS ON FOREIGN PROCESSED MATERIALS"

1. THE GAO HAS INFORMED THE DEPARTMENT THAT SUBJECT REVIEW WHICH HAS BEEN IN PROGRESS AT U.S. GOVERNMENT AGENCIES AND PRIVATE COMMERCIAL FIRMS WILL BE BROADENED TO INCLUDE THE TRANSMISSION OF SPECIFIC QUESTIONS TO SELECTED OVERSEAS POSTS IN LATIN AMERICA, AFRICA, ASIA AND EUROPE. PURPOSE OF THESE INQUIRIES WILL BE TO OBTAIN COMPARATIVE INFORMATION AS TO WAYS FOREIGN GOVERNMENTS ARE INFLUENCING INVESTMENT DECISIONS FOR MINING AND MINERAL PROCESSING FACILITIES IN THE ALUMINUM, COPPER, ZINC AND FERROALLOY INDUSTRIES.

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2. THE GAO WOULD APPRECIATE THE POST'S ASSISTANCE IN PROVIDING ANSWERS FROM AVAILABLE RESOURCES TO THE FOLLOWING QUESTIONS AS THEY APPLY TO TOKYO'S ALUMINUM, COPPER, ZINC AND FERROALLOY INDUSTRIES. THE GAO WOULD LIKE TO RECEIVE THIS INFORMATION BY OCTOBER 15 SO THAT IT CAN BE INCORPORATED INTO ITS FINAL REPORT. TO FACILITATE THE TRANSMISSION AND DELIVERY OF THE REQUESTED DATA, IT IS

RECOMMENDED THAT THE POST USE AIRGRAMS OR CABLES AND AIR POUCH MATERIALS TO THE DEPARTMENT ADDRESSED TO THE GAO LIAISON STAFF OFFICE, A/BF/OAG, ROOM 4253.

A. HOW DOES THE GOVERNMENT OF JAPAN VIEW THE FUTURE OF THE NON-FERROUS AND FERROALLOY INDUSTRIES?

B. WHAT IS THE PRESENT AND PROJECTED SMELTING AND RE-FINING CAPACITY FOR THESE METALS? WHAT IS THE PRESENT AND FORECAST JAPANESE DOMESTIC DEMAND FOR THESE METALS?

C. WHAT IS THE JAPANESE GOVERNMENT'S ROLE IN THE DEVELOPMENT OF THE NON-FERROUS AND FERROALLOYS INDUSTRIES? IS THERE ANY GOJ EQUITY PARTICIPATION OR LOAN GUARANTEE ACTIVITY IN THE MINING/METALS PROCESSING SECTOR?

D. WHAT IS THE RELATIONSHIP BETWEEN EMPLOYMENT, FOREIGN EXCHANGE AND TRADE POLICIES, AND THE LEVEL OF ALUMINUM, COPPER, ZINC, AND FERROALLOY PRODUCTION? IS PRODUCTION MAINTAINED FOR "SOCIAL" RATHER THAN ECONOMIC REASONS.

E. WHAT IS THE CAPITALIZATION STRUCTURE OF FIRMS IN THE MINING/METALS PROCESSING SECTOR? IS DEBT PORTION OF LONG TERM NATURE? IF CAPITALIZATION TENDS TOWARD DEBT, HOW DO FIRMS SERVICE DEBT OBLIGATIONS DURING PERIODS OF WEAK MARKETS AND LOW EARNINGS?

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F. DO ANY GOVERNMENT SPONSORED BANKS OR OTHER AGENCIES PROVIDE FINANCIAL ASSISTANCE TO THE MINING/METALS PROCESSING SECTOR IN THE FORM OF LONG-TERM LOANS AT LOW INTEREST RATES, OR LOAN GUARANTEES?

G. WHAT TERMS DOES THE JAPAN DEVELOPMENT BANK PROVIDE FOR THE MINING AND METALS PROCESSING SECTOR AND DO POLLUTION CONTROL APPLICATIONS QUALIFY FOR LOANS?

H. WHAT IS THE FINANCIAL ROLE OF THE OVERSEAS MINERAL RESEARCH AND DEVELOPMENT CORP. IN THE MINING/METALS PROCESSING SECTOR?

I. WHAT DOES THE METAL MINING AGENCY OF JAPAN DO? ARE ITS ANNUAL OR OTHER REPORTS AVAILABLE IN ENGLISH?

J. DOES THE EXPORT-IMPORT BANK OF JAPAN PARTICIPATE IN FINANCING OF FOREIGN MINING VENTURES AND THE SALE OF REFINED METALS IN EXPORT MARKETS?

K. DOES THE NATIONAL INDUSTRIAL RATIONALIZATION LAW HAVE ANY CURRENT APPLICATION TO THE NON-FERROUS OR FERROALLOY

SECTORS? HAS IT HAD ANY PREVIOUS APPLICATION?

L. HAS MITI AUTHORIZED ANY EXPORT, RATIONALIZATION OR RECESSION CARTELS IN THE NON-FERROUS OR FERROALLOY SECTOR? WHAT IS THE INTENDED PURPOSE OF SUCH CARTELS AND HOW ARE THEY ORGANIZED?

M. HOW DOES WAGE STRUCTURE AND UNIT LABOR COSTS IN THE JAPANESE MINING/METAL PROCESSING INDUSTRY COMPARE WITH THAT OF THE UNITED STATES?

N. ARE THERE ANY SPECIFIC TAX POLICIES SUCH AS TAX REDUCTIONS, HOLIDAYS OR DEFERRALS DESIGNED TO ENCOURAGE DEVELOPMENT IN THE MINING AND MINERAL PROCESSING LIMITED OFFICIAL USE

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INDUSTRIES? DOES JAPANESE TAX CODE PROVIDE FOR MINE DEPLETION ALLOWANCES? WHAT TIME PERIODS ARE ACCEPTABLE FOR COMPUTING PLANT AND EQUIPMENT DEPRECIATION OF MINES AND METALS SMELTERS AND REFINERIES? DOES JAPANESE TAX CODE PROVIDE FOR RAPID RECOVERY OF INVESTMENT IN POLLUTION CONTROL EQUIPMENT? IS REPLACEMENT COST RATHER THAN HISTORICAL COST AN ACCEPTABLE BASIS FOR COMPUTING DEPRECIATION OF MINE/SMELTER/REFINERY EQUIPMENT?

O. WHAT JAPAN ENVIRONMENTAL REGULATIONS SUCH AS AIR AND WATER QUALITY STANDARDS AND LAND USE RESTRICTIONS APPLY TO METAL MINING AND PROCESSING OPERATIONS? DO JAPAN ENVIRONMENTAL REGULATIONS HAVE A STANDARD FOR SULFUR DIOXIDE EMISSION CONTROL FOR COPPER SMELTERS? IF YES, WHAT IS ACCEPTABLE CONTROL METHODOLOGY? IS STACK DISPERSION ADEQUATE FOR MEETING AIR STANDARDS? CAN COPPER SMELTERS IN JAPAN PROFITABLY SELL BY-PRODUCT SULFURIC ACID? ARE ENVIRONMENTAL STANDARDS APPLIED TO ALL FACILITIES OR JUST TO NEW OPERATIONS?

P. DOES GOJ IMPOSE WORKER SAFETY REGULATIONS SIMILAR TO U.S. OSHA? IF SO ARE THEY COSTLY ENOUGH TO INFLUENCE INVESTMENT DECISIONS FOR VENTURES IN THE SUBJECT METALS INDUSTRIES?

Q. HOW DO ENERGY AVAILABILITY AND COST CONSTRAINTS AFFECT DEVELOPMENT OF THE ALUMINUM, COPPER, ZINC, AND FERROALLOY INDUSTRIES IN JAPAN? DO INDUSTRIAL METALS PRODUCERS RECEIVE LONG RANGE ENERGY SUPPLY COMMITMENTS AND/OR FAVORABLE ENERGY RATES COMPARED TO OTHER INDUSTRIAL ENERGY USERS?

R. DOES GOJ PARTICIPATE IN THE NEGOTIATION OF LONG LIMITED OFFICIAL USE

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TERM SUPPLY CONTRACTS WITH FOREIGN ORE/CONCENTRATE SUPPLIERS? WHAT SPECIFIC METHODS ARE USED TO SAFEGUARD THE SUPPLY OF OVERSEAS RESOURCES?

S. WHAT MEASURES ARE THE GOJ USING TO STIMULATE DOMESTIC MINERALS EXPLORATION?

T. HOW LONG DOES IT TAKE TO BUILD A NEW ZINC/COPPER SMELTER/REFINERY IN JAPAN I.E. ELAPSED TIME FROM DECISION TO BUILD UNTIL FACILITY OPENS--GIVE ONE OR TWO EXAMPLES.

U. IS IT KNOWN WHAT FORMS NON-TARIFF BARRIERS TO THE IMPORT OF REFINED METALS TAKE I.E. QUOTAS, WITHHOLDING OF IMPORT LICENSES, ETC.?

V. DOES GOJ STOCKPILE THE SUBJECT METALS? FOR WHAT PURPOSE?

W. NIPPON MINING COMPANY ISSUED A REPORT IN OCT. 1976 TITLED QUOTE COPPER--ITS PROSPECTS UNQUOTE IN AN ENGLISH LANGUAGE TRANSLATION BY NISSHO-IWAI COMPANY OF TOKYO. IS AN UPDATE OF THIS AVAILABLE FOR COPPER OR OTHER SUBJECT METALS?

3. IT WOULD ALSO BE APPRECIATED IF THE POST WOULD IDENTIFY ANY AIRGRAMS OR OTHER MATERIALS PREPARED BY THE MISSION DEALING WITH ISSUES MENTIONED ABOVE WHICH HAVE BEEN SUBMITTED TO THE DEPARTMENT.

4. IT IS THE DEPARTMENT'S POLICY TO BE OF ASSISTANCE TO THE GAO AND TO BE AS HELPFUL AS POSSIBLE WITHIN THE GUIDELINES OF 4 FAM 930-934. ANY QUESTIONS OR PROBLEMS THAT SHOULD ARISE DURING THE COURSE OF THIS EFFORT, PARTICULARLY REGARDING GAO ACCESS TO INFORMATION SHOULD BE REFERRED TO THE DEPARTMENT. CHRISTOPHER

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